M E M O R A N D U M

TO: Mayor and Council

FROM: Howard S. Lazarus, PE, PWLF, Director, Public Works Department

DATE: May 26, 2015

SUBJECT: Resolution No. 20141023-030 – Crowdfunding

Background

On October 23, 2014, City Council passed Resolution No. 20141023-030 directing the City Manager to explore the feasibility of using civic crowdfunding as an option for funding projects and to identify a pilot project with the Neighborhood Partnering Program (NPP) to use crowdfunding. Furthermore, the City Manager is directed to establish a fund for the NPP that can accept donations from the public for the general use of the program and its public purpose.

Feasibility of Using Civic Crowdfunding

Crowdfunding is the practice of funding a project or venture by raising many small amounts of money from a large number of people, typically via the Internet. Since the first crowdfunding site was developed 2003, the crowdfunding industry has grown to an estimated $5.1 billion dollars in 2013 – helping projects of all shapes and sizes become a reality. Across the country, a number of municipalities are already using civic crowdfunding platforms successfully.

NPP is in a unique position to leverage the opportunity and promise of civic crowdfunding. NPP provides opportunities for community and neighborhood organizations to affect public improvements by sharing in the costs of those efforts with the City. Community organizations may cost-match with the City with any combination of cash, in-kind professional services, materials, or volunteer hours. Civic crowdfunding will provide neighborhood and community organizations an additional tool for which they can build awareness and raise funds for their cost match. The chart below provides an analysis of the most prominent civic crowdfunding tools:

Crowdfunding Site	Provides Tax-Exempt Status for Donations	Administrative Fee	Success Rate
Citinvestor.com	No	8%	73%
Indiegogo.com	No	3%-9%	Not Available
IOBY.org	Yes	0%*	87%
Kickstarter.com	No	5%	40%

**As a non-profit organization, IOBY's administrative fees are covered through donations to the organization, not from pledges to the project.*

Next Steps

Neighborhood and community organizations pledging a cash match to NPP have up to six months after their project's approval to raise and submit the pledged funding to the City. Should their applications be approved, two current project applicants have agreed to pilot civic crowdfunding for their pledged cash match:

- EM Franklin Green Street: The JJ Seabrook Neighborhood Association EM Franklin ad hoc group is applying to turn a 44 foot wide street into a green street that incorporates traffic calming, bicycle lanes, rain gardens, street trees, and street art.

- Murchison Pool Improvement Project: The Northwest Austin Civic Association's Parks Committee is applying to install a pavilion, shade structure, 8 picnic tables, replace 5 benches, and an ADA compliant curb ramp at Murchison Pool.

General Use Donations

In addition to crowdfunding, NPP anticipates a need for citizens to donate to the general idea of NPP. NPP is working with City staff to establish a fund that will accept donations for the general use of the Neighborhood Partnering Program.

As always, please do not hesitate to contact me if you have any questions or if I can be of further assistance.

cc: Marc A. Ott, City Manager
Robert D. Goode, Assistant City Manager